



**MINUTES FROM MEETING OF
DEFERRED COMPENSATION COMMITTEE
JULY 6, 2017**

The Deferred Compensation Committee (the “Committee”) of the Plans Management Board (the “Board”) held a meeting on July 6, 2017 at 9:00 a.m. in the main conference room of the Office of the State Treasurer (“OST”), located at 820 Silver Lake Blvd., Suite 100, Dover, Delaware.

Committee Members Represented or in Attendance:

Mr. Charles Campbell-King, Board Chair

The Honorable Ken Simpler, State Treasurer

Mr. Robert Scoglietti, Director of Policy and External Affairs, Office of Management and Budget (“OMB”) (on behalf of Director Jackson)

Mr. Stuart Snyder, Chief of Staff, Department of Insurance (“DOI”) (on behalf of Commissioner Navarro)

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Department of Justice (“DOJ”)

Ms. Jennifer Vaughn, Controller, DOI

Ms. Nora Gonzalez, Deputy State Treasurer, OST

Mr. John Meyer, Director of Contributions and Plan Management, OST

Mr. Mike Green, Investments and Operations Manager, OST

Mr. Daniel Kimmel, Promotion and Outreach Manager, OST

Mr. Omar Masood, Policy Advisor, OST

Mr. Jeff Snyder, Cammack Retirement Group, Inc. (“Cammack”)

Ms. Marie Villeneuve, Cammack

Mr. Tom Ferrara, Cammack

Ms. Natalie Daniels, Voya Financial, Inc. (“Voya”)

Ms. Sarala Katta, Voya

CALLED TO ORDER

The meeting was called to order at 9:01 a.m.

VOYA PRESENTATION

Voya provided a program snapshot with data as of May 31, 2017. Ms. Daniels noted that assets in the plans were up 10 percent, with growth being mainly driven by market appreciation, participant contributions and rollover activity from the 403(b) plan.

Mr. Scoglietti inquired about the volume of 403(b) rollovers. Mr. Kimmel explained that some participants consolidated their legacy 403b account balances into their new account at Voya.

Treasurer Simpler inquired about Voya's models for future plan growth for new accounts and assets and whether such modeling could be done over three to five year intervals. Ms. Daniels replied that Voya does not currently provide those to Delaware but the models were completed for internal consumption and results can be made available.

Voya presented the strategic plan for the deferred compensation program. Ms. Daniels reviewed the mission statement, goals and an outline of strategies and tactics. She stated that the goals are to (a) increase participation rates by 2 percent -per year from 2017-2019, (b) improve retirement readiness defined as achieving 100 percent income replacement (with 15 percent derived from the deferred compensation program) and (c) manage investment offerings to ensure their overall performance meets or exceeds their benchmarks each year.

Ms. Daniels explained and presented materials showing Voya's efforts to achieve retirement readiness goals through consolidation, income planning and increasing savings rates. Treasurer Simpler asked for the strategic plan to be updated reflecting priorities in a given year and the timing of tactical awareness campaigns. Ms. Daniels agreed to update the strategic plan for presentation at the Plans Management Board meeting scheduled later in the month.

CAMMACK PRESENTATION

The Cammack team provided an investments update and details on the economic outlook. Additionally, the team prepared an internal review of the investment policy statement that anticipates would be shared with the Investment Committee once it is established.

Ms. Villeneuve said the average investment expense ratio for the plans is 36 basis points, which is lower than the industry average of 44 basis points as reported in NAGDCA benchmark surveys. She noted there are no funds on the watch list and stated that target date funds (asset allocation) continue to be the preferred investment selection (representing over 80 percent of total assets).

Treasurer Simpler questioned about participant behaviors during market downturns. Ms. Daniels indicated that Voya study the behaviors during market downturns and defined strategies. She offered to share further information for consideration by OST and the Committee.

Mr. Ferrara noted that several funds have substandard ratings in one or more performance metric and are being monitored. Treasurer Simpler instructed Cammack to provide explanations as to why specific funds that are lagging ratings in multiple areas remain in the investment lineup.

DIRECTOR'S REPORT

Mr. Meyer provided an update on the Committee's request submitted at the April 2017 meeting to evaluate the need to discontinue the 401(a) match plan. He stated there are approximately 10,000 accounts in the plan with \$21 million in total assets and clarified that terminating the plan would require a six-month process with the IRS according to guidance received from Ice Miller.

Mr. Meyer recommended against termination of the 401(a) match plan and laid out potential changes that would streamline plan administration, including automatic rollovers of accounts less than \$5,000 and mandatory cash-outs of accounts less than \$1,000.

OTHER BUSINESS

Mr. Campbell-King asked if there were any comments on the draft minutes from the April 4 meeting. Mr. Scoglietti moved for an acceptance of the minutes. Treasurer Simpler seconded the motion. The motion passed unanimously.

PUBLIC COMMENTS

No members of the public attended the meeting.

NEXT MEETING

The next meeting is scheduled for October 3, 2017.

ADJOURNMENT

Mr. Campbell-King called for a motion to adjourn. Mr. Scoglietti made the motion. Treasurer Simpler seconded the motion. The motion passed unanimously and the meeting concluded at 10:36.

Respectfully submitted,

Charles Campbell-King,
Chair, Deferred Compensation Committee